

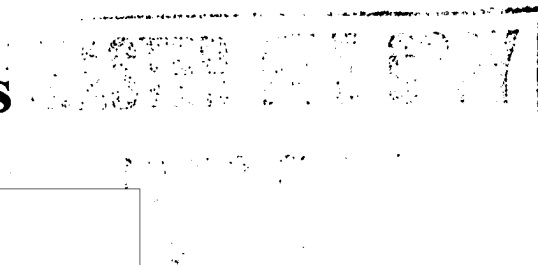


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# **Hawke and Australia's Trade Unions: An Uneasy Alliance**



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**An Intelligence Assessment**

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*EA 84-10006  
January 1984*

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# **Hawke and Australia's Trade Unions: An Uneasy Alliance**

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**An Intelligence Assessment**

This paper was prepared by [redacted]  
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Comments and queries are welcome and may be  
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[redacted]

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## Hawke and Australia's Trade Unions: An Uneasy Alliance

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### Key Judgments

*Information available  
as of 16 December 1983  
was used in this report.*

Prime Minister Hawke's political future depends, in large measure, on the success of his economic recovery program, and this depends on his ability to control Australia's often unruly labor movement:

- Hawke's most important test will be to maintain union support for his economic policy.
- The centerpiece of this policy—wage restraint—seems likely to hold over the next six to 12 months as union leaders and the rank and file will be more concerned over job security.
- Beyond that, the outlook for controlling wages is not as bright, especially if Canberra's economic forecast is correct and strong wage pressures emerge late this year as recovery takes hold.

Hawke may go a step further in his attempt to undercut union bargaining power by pushing for reform of the national wage-setting system. In pursuing these policies, Hawke will have several advantages over other recent prime ministers:

- The rise of moderates to key union positions and the decline in union membership as a result of the recession have reduced union militancy.
- The broadening of the Labor Party's political base is reducing the party's heavy dependence on organized labor, which gives Hawke greater latitude to pursue policies that conflict with union positions.
- As a former head of the Australian Council of Trade Unions, Hawke's unrivaled knowledge of the labor movement and his ability to bend public opinion to his views give him an important negotiating edge.

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**Union Clout**

*Severe economic problems, largely the result of union militancy, plagued the careers of Australia's last two Prime Ministers and eventually resulted in their political downfall. Although the style and political ideologies of Labor Party leader Whitlam (1972-75) and Liberal Party leader Fraser (1975-83) represented opposite poles of the Australian political spectrum, neither was able to cope effectively with the pressure exerted on their governments by Australia's powerful trade unions. By mid-1974 the Whitlam government was under fire for its handling of the economy as unemployment rose to 2.5 percent—a disturbingly high rate for Australia at that time—and inflation hit a record 22-percent annual rate. Similarly, Fraser's political fortunes suffered as unemployment exceeded 9 percent and inflation 11 percent prior to the March 1983 election.*

*With its origins in the labor movement, the Australian Labor Party continues to rely heavily on trade unions for its financial and electoral support. Through the formal affiliation of unions on a state-by-state basis, the party receives regular fees and special donations that provide a substantial portion of its operating budget and campaign funds. The*

*Labor Party also relies on the union vote as its most important single constituency. For example, although the March 1983 election results suggest Hawke was able to gain considerable support beyond union members, political observers believe his victory remained largely dependent on support from the trade union rank and file. The labor movement also provides a breeding ground for future party leaders, and more than one-third of the ALP's members in Parliament have backgrounds as union officials.*

*Because of this "partnership," trade union leaders believe they are justified in seeking to influence party positions, and now government policies, on a variety of economic and political issues. Hawke himself, as president of the ACTU from 1969 to 1980, actively sought to expand organized labor's participation in political matters. Union leaders are able to influence ALP policy, in large measure, because of their direct participation in the party's decisionmaking process. At most state and territorial party conventions, for example, trade unions are allocated at least 60 percent of the delegates. As a result, delegates from union organizations have a numerical majority in the highest ALP policymaking body in each state.*

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Hawke and Australia's  
Trade Unions:  
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*Unions are bastards. They are the biggest threat to this government . . . they have no sense of restraint . . . they always want more than they can reasonably expect.*

*An anonymous senior Cabinet member,  
Hawke government*

The Double-Edged Sword

Prime Minister Robert Hawke faces a formidable task as he tries to balance the demands of Australia's labor movement against his economic and political programs. Because of the close relationship between the Australian Labor Party (ALP) and trade unions (see table), Hawke must address the concerns of organized labor or risk losing support both within the party and among the electorate at large.

As an astute politician, Hawke—we believe—knows his government is vulnerable to organized labor on both the political and economic fronts. Hawke himself has been the target of leftwing union attacks in recent years. As president of the Australian Council of Trade Unions (ACTU), Hawke battled leftwing unionists over the controversial issue of uranium mining and development.<sup>1</sup> The uranium issue surfaced again recently, and, in an ALP policy vote, we believe, the leftwing opposition forced Hawke to settle for a compromise policy.<sup>2</sup>

Since Hawke became Prime Minister in March 1983, the left has unsuccessfully challenged his positions on other sensitive issues, including Indonesia's incorporation of East Timor and the US-Australian relationship. Hawke's strategy appears to be one of keeping

<sup>1</sup> The ACTU, similar to the AFL-CIO in the United States, is the central organization of trade unions in Australia. It is composed predominantly of blue-collar unions and accounts for nearly two-thirds of total union membership. The ACTU plays a key role in resolving industrial disputes and negotiating improvements in wages and hours.

ALP Cabinet: Trade Union Connections

Bob Hawke Prime Minister	President, ACTU, 1969-80
Paul Keating Treasurer	Former industrial advocate, federated Municipal and Shire Council Employees' Union.
Gordon Scholes Defense	President, Geelong Trades Hall Council, 1965-66
Ralph Willis Employment and Industrial Relations	Research officer and industrial advocate, ACTU (during Hawke's tenure as president of ACTU).
John Dawkins Finance	Secretary, local union in western Australia 1972-74; former press officer, Trades and Labor Council.
Stewart West Immigration and Ethnic Affairs	President, Waterside Workers Federation, Port Kembla Branch, 1972-77.
John Kerin Primary Industry	Member, Australian Workers Union.
Clyde Holding Aboriginal Affairs	Former legal counsel for Melbourne area leftwing unions.
John Brown Sport, Recreation, and Tourism	Member, Australian Meat Industry Employees' Union.
Arthur Geitzelt Veteran's Affairs	Close connections with Miscellaneous Workers Union.

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nettlesome issues on the back burner until he is able to muster widespread support for his views. On several issues, including economic aid to Vietnam and government policy on the Middle East, for example, he has tried to quell criticism by assigning the problems to government committees for review, a tactic that, in our judgment, has worked so far.

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Hawke's Approach

Hawke recognizes that economic recovery will be the key to his success as Prime Minister. As a result he

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**Leftist Influence in Australian Unions**

Although small in number, the radical left wields considerable power in many of Australia's unions. According to US Embassy reports, Communists dominate or strongly influence an estimated 14 percent of organized labor. This influence extends to many of Australia's key unions, including the Amalgamated Metal Foundry and Shipwright's Union, the Australian Coal and Shale Employees' Association, and the Australian Railways Union. According to the US Embassy, Communist influence typically takes two forms—through union affiliation with the pro-Moscow Socialist Party of Australia (SPA), the pro-Beijing Communist Party of Australia (CPA), or the highly ideological Communist Party of Australia—Marxist-Leninist (CPA-ML), and union involvement with the World Federation of Trade Unions (WFTU)—a Soviet front organization. Patrick Clancy, former president of the SPA and federal secretary of the militant Building Workers Industrial Union, is a member of the WFTU Executive Bureau and provides one of the WFTU's important links in Australia. [ ]

Militant trade unions, which form the core of the ALP's political left, are behind persistent attempts to arouse anti-US sentiment within both Labor Party

circles and the Australian media. These efforts focus on specific issues such as the visits of US Navy nuclear-powered ships, the joint communications and tracking facilities, nuclear-free zone proposals, and suspected US involvement in Australia's internal affairs. [ ]

Nonetheless, ideological differences and union squabbling—both between union leftists and moderates and among leftist factions themselves—make a united radical front highly unlikely. In fact, recent press reports indicate a weakening of the left wing as it struggles to build a leadership base and consensus on policy objectives. Recent signs of internal friction and weakened leadership have included the damaging investigation of Norm Gallagher (see figure 1) on charges of corruption and one key leftist's unexpected support for continued uranium development at the Roxby Down mine. In addition, observers of the Australian political scene point out that the Australian electorate is by and large moderate and "put off" by radical politics. If nothing else, Hawke's moves to encourage union amalgamation may further undercut leftist influence in unions that are "gobbled up" by more moderate unions. [ ]

has made wage restraint his number-one priority and has pinned his economic recovery program on getting wages and prices under control. The cornerstone of this effort was Hawke's economic summit of government, union, and business leaders held in April 1983. According to the US Embassy, the summit was a major political success for Hawke because he obtained concessions from both unions and business and hammered out an incomes policy. [ ]

Hawke has continued to build on the momentum generated at the summit. We believe his influence was instrumental in the Arbitration Commission's decision in June to extend the previous government's six-month wage freeze by three months. In September, the Commission—with Hawke's support—ended the wage freeze by granting a 4.3-percent increase in

wages, to be followed by full indexation for inflation over at least the next two years (see appendix A). To be eligible for the pay hike, however, unions must refrain from seeking additional wage claims above the 4.3 percent. We believe Canberra is concerned that additional claims will undermine the incomes policy, as they did in 1981 during the last attempt at indexation. [ ]

In an effort to maintain union support for the accord, Hawke is proposing legislation for a Prices Surveillance Authority (PSA) that will serve as a symbol of the government's effort to control inflation. The legislation will establish a four-member committee to

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### Australia: Labor Disputes and High Wages

The structure and volatility of unions represent one of the Australian economy's major problems. More than half the work force is unionized—compared with the OECD average of 35 percent—into more than 300 relatively small and often highly factionalized unions. In some of the larger industries, such as steel and chemicals, it is not uncommon to find as many as 15 to 20 unions operating in a single plant, according the US Embassy. In addition, most unions are trade based, such as the 160,000-member Metalworkers Union—with members in manufacturing operations ranging from autos to shipbuilding—rather than industrial based. For this reason, a strike in one industry often affects production in a wide variety of industries. [redacted]

Overall, Australia has by far more labor disputes per worker than any comparable developed country and ranks near the top in time lost to strikes per worker, according to the OECD (see figure 2). Disputes not only take the form of strikes but often are played out in other ways, including work slowdowns, overtime bans, and boycotts. [redacted]

In addition to detrimental effects on the domestic economy, labor disputes call into question Australia's reliability as an exporter. For example, at least 25 unions operate in the Port of Sydney alone, and frequently a dispute with a single union can shut down port operations. Coal exports have been interrupted on numerous occasions as at least one of the 34 unions between the mines and various ports has struck. Japan—Australia's largest coal market—argues that excessive strikes in the Australian coal industry is forcing it to diversify purchases, according to Embassy reporting. [redacted]

Labor disputes in Australia occur for a wide variety of reasons, but our analysis indicates several underlying factors:

- Confrontational tactics, including strikes, have long been a traditional part of Australian labor relations largely because the idea of class struggle is more entrenched in the Australian labor movement than in some other developed countries.

- The record number of strikes during the 1970s was largely due to a growing difference between union wage demands and employer wage offers (see figure 3).
- The large number of unions often leads to demarcation disputes—interunion squabbles for control over membership. For example, some 40 unions have battled to represent computer programmers and operators. [redacted]

Australia's unique system of arbitration is indirectly a source of industrial disputes and leads to excessive wage increases, in our judgment. The Australian Conciliation and Arbitration Commission is an important player in Australian labor relations because it is empowered to prevent or settle interstate industrial disputes and its decisions are enforceable by law. The Commission's rulings prevail over state law, and its national wage awards cover nearly half of all workers and are usually closely followed by state commissions. Under the system, lawyers argue for their union and industrial clients before judges on the Commission, who traditionally have attempted to ward off strikes even at the cost of higher wage settlements. The current system—controlled by “pro-labor” judges and without real risk to unions that opt for arbitration—has encouraged industrial disputes, [redacted]

The policy of “comparative wage justice”—an idea deeply imbedded in Australian unions—has added to the problem of excessive wage increases. Under the policy, the Arbitration Commission often rules in favor of wage increases if workers in related trades or the same industry have received wage hikes. These “flow ons” result in wage increases spreading quickly throughout the economy. For example, the 16-percent-a-year average increase in wages during 1980-82, in our judgment, resulted in large part from “flow ons” generated by wage increases in the booming mining sector and the 25-percent hike in the wage bill of the metal industry workers. [redacted]

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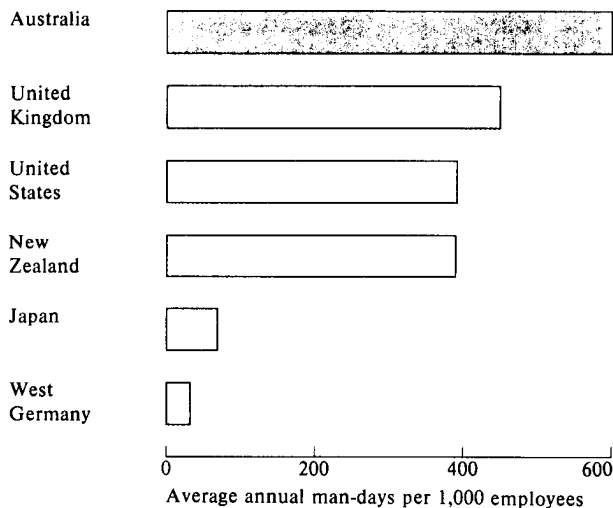
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**Figure 2**  
**Selected Countries: Days Lost to Work Stoppages, 1974-81<sup>a</sup>**



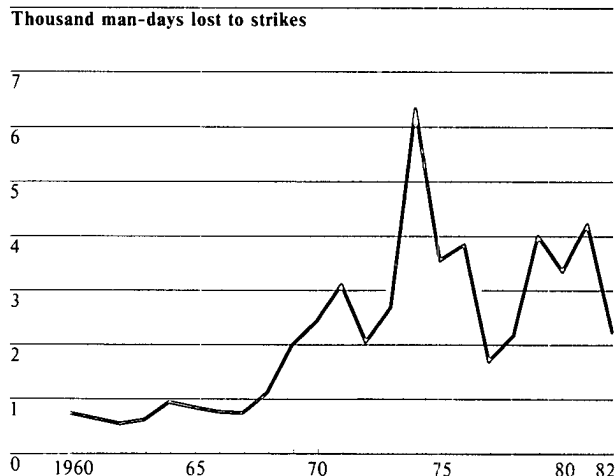
<sup>a</sup> Australia's primary trading partners.

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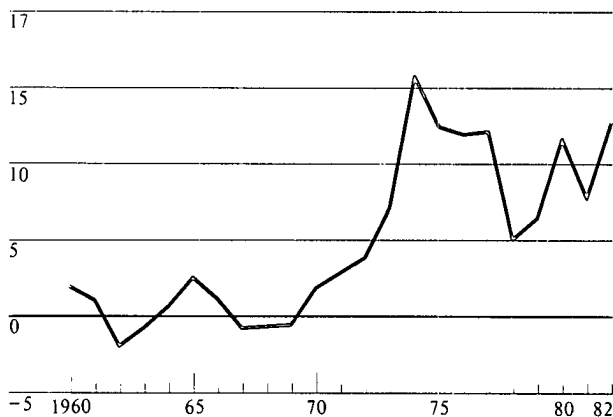
review proposed price increases in key industries, including petroleum refining, pharmaceuticals, airlines, breweries, and steel. According to press reports, unions see the PSA as crucial to the survival of the price and incomes accord and are pushing for amendments to strengthen the Authority's power to enforce its rulings. Even so, we are skeptical that the PSA will effectively control prices and believe it may become a liability to the government if it is perceived as a "toothless tiger."

Hawke may go a step further to keep wages under control by reforming the Arbitration Commission and its role in industrial relations. Press reports indicate he is contemplating a major expansion of Parliament's involvement in industrial relations in an attempt to wrest some control away from the Commission—a move unions will strongly oppose, according to US Embassy officials. Although Hawke has not mentioned abolishing the Commission, the government has established a Committee of Inquiry to review all laws—including the Arbitration Act—relating to preventing and settling industrial disputes.

**Figure 3**  
**Australia: The Wage Factor in Industrial Disputes, 1960-82**



Percent difference between union wage demands and employer wage offers



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According to press reports, recent decisions by Australia's High Court have opened the way for Hawke's "reforms" by setting precedents for more liberal interpretations of Parliament's constitutional powers over industrial relations. One High Court Justice has

stated that the new interpretations will remove the constitutional barriers that guaranteed the autonomy of the Arbitration Commission. If he is correct, Canberra could legislate directly on industrial issues, including wages, and could set guidelines for the Commission, which traditionally has seen itself as an independent organization for settling disputes. [redacted]

Hawke is also on public record supporting union amalgamation, by which Australia's numerous trade unions would be consolidated into larger, industrial-based unions. Legislation that will facilitate union mergers will be introduced in Parliament shortly, according to the US Embassy. The large Federated Ironworkers Association and the Australasian Society of Engineers are expected to be the first to merge under the new law. Although amalgamation, as Hawke expects, may in the long term improve industrial relations by reducing the number of disputes, in the short term we expect the new law to increase demarcation disputes as larger unions—which support the proposed legislation—move to gobble up smaller unions. [redacted]

#### **Advantage Hawke**

Recent developments are helping Hawke's efforts to control unions. On both the economic and political fronts, union influence, at least temporarily, appears to be declining. With this trend under way, we believe Hawke is gaining more independence to pursue policies that deviate from organized labor's traditional positions. [redacted]

***Declining Union Strength.*** The number of unemployed has nearly doubled in the past two years to 730,000, and the unemployment rate has averaged more than 8 percent since early 1982, hitting a record 10.4 percent last September. At the same time, the number of unionized employees as a percentage of the work force has fallen 2 to 3 percentage points from the 57 percent registered in December 1982, according to government statistics. Observers of the Australian labor scene, including some union officials, believe that many of the job losses in traditional industries, such as auto and steel, may never be recovered. [redacted]

We believe this environment is in large measure responsible for a reduction in union militancy. High

unemployment has left unions concerned about more job losses and deterred them from striking, according to press reports. Days lost to industrial disputes dropped dramatically from 4.2 million in 1981 to 2.2 million in 1982. In the steel industry, which has laid off 16,000 workers in the past two years (35 percent of its work force), there have been no major work stoppages since early 1981 and no push for a wage hike in more than a year. According to press reports, one militant branch of the Federated Ironworkers Association could only get 400 to 500 workers to show up for strike meetings out of a total membership of 11,500. [redacted]

As a result, we believe unions are adopting a more conservative approach to industrial relations:

- Some unions are now pushing for agreements to ensure job security. For example, as part of the recent government assistance plan for the steel industry, unions have agreed to keep wages within the Arbitration Commission's guidelines in return for job security for the existing work force.
- Although ACTU President Dolan in early 1983 had suggested unions wanted a 10- to 11-percent wage increase by yearend 1983, this claim was later revised to only 4 percent—in line with Hawke's incomes policy.
- The Amalgamated Metal Foundry and Shipwrights Union (AMFSU) staked a claim to a 5.2-percent wage increase, but later admitted it would settle for whatever the ACTU could get for it. [redacted]

***The Changing Political Base.*** Union political affiliation with the Labor Party is also on the decline, [redacted] Since the early 1970s, the ALP has suffered a 5-percentage-point loss in affiliation, which now stands at 63 percent of all union members. [redacted] this trend stems in part from the ALP's heavy reliance on its traditional supporters—blue-collar unions—whose membership is decreasing, and its failure to attract the support of the growing and more dynamic technical and white-collar unions (see appendix B). [redacted]

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As a result of declining affiliation, the ALP has moved to broaden its political base away from its predominantly blue-collar constituency. First as deputy Labor Party leader and later as Prime Minister, Gough Whitlam set out to attract middle class support for the party by identifying himself as one of a new breed of technocrats. Hawke has strengthened this bid for support among the electorate at large. His election campaign theme, "Bringing Australia Together," and his consensus approach to policymaking since taking office are, in our judgment, bold declarations that he intends to represent and seek a wider base of support than just ALP-affiliated unionists and other traditional party supporters. [redacted]

The March 1983 election results, to a large extent, showed that Hawke was successful in this effort. Hawke won the support of several white-collar and technical unions as well as specialized interest groups, which played key roles in his election victory. The Australian Teachers Federation and Australian Telecommunications Employees Association along with several smaller groups, for example, spent almost \$1 million on pro-Labor campaigns in carefully selected marginal electoral districts. The result was a Labor Party victory in virtually all of the seats where these groups were active. [redacted]

Another key to Labor's wider electoral base is the development of personality-dominated politics in Australia. We believe the Labor government's growing support among both business leaders and the electorate at large is a reflection of Hawke's and Fraser's behavior during the 1983 elections. Australian political observers have written that Fraser's heavyhanded campaign tactics—which implied "sinister" connections between Hawke and several Communist union leaders—repelled many Liberal Party moderates. According to the US Embassy, Hawke's more "responsible" campaign behavior led many voters to view Labor as a viable alternative, perhaps for the first time. [redacted]

**Moderates at the Helm.** The shift within union membership from strictly ideological concerns to more "bread-and-butter" issues has, we believe, also led to the rise of several political moderates to leadership positions in key unions. For example, moderate Harry Hurrell recently fought off a challenge by

leftists to win the leadership of the militant Ironworkers Union in a landslide victory. Similarly, in a significant break in the generally leftist control of teachers unions in Australia, a moderate slate recently defeated three militant leaders of the New South Wales Teachers Federation. At the ACTU Congress in September 1983, moderate Simon Crean [redacted] was overwhelmingly elected senior vice president. Crean and ACTU Secretary Bill Kelty [redacted] are among the influential union leaders Hawke can claim as friends and allies, and we believe their growing influence in the union movement has already played a key role in the success of Hawke's incomes policy. [redacted]

### Smooth Sailing Now . . .

We believe Hawke's incomes policy will probably hold for the next six to 12 months. None of the traditional pace-setting unions—such as the AMFSU or the Transport Workers Union—has hinted at any short-term pay push outside the indexation system. In a historic development, moreover, the ACTU Congress recently condemned any union drives on individual companies for wage claims above the indexed amount. In a strong show of support for the accord, which surprised political observers, the Arbitration Commission rejected an agreement between construction workers and employers that would have increased wages by nearly 10 percent in return for two years of industrial peace. According to press reports, the Commission believed—correctly, in our view—that such an agreement would undermine the accord by opening the door for "flow on" demands by other workers. [redacted]

The government also has shown it means business by adopting a tough attitude toward unions that threaten to buck the accord. Speaking in support of one company recently, Minister for Industrial Relations Ralph Willis [redacted] warned unions that the government was committed to using all its powers to protect the accord and was prepared to give financial support to companies facing strikes and to push for the deregistration of defiant unions. [redacted]

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... *but Rough Seas Ahead.* Over the medium term, however, the incomes accord will be in jeopardy. For one thing, the ACTU will find it difficult to restrain its more militant members. The ACTU is not a powerful organization in either resources or influence on its affiliates. For example, Norm Gallagher [ ] [ ]—head of the radical Building Laborers Federation—has defied the ACTU on several occasions and has for some time been under the threat of discipline by the union movement. Nonetheless, he remains on the ACTU Executive Committee and has wide support within the labor movement. Most important, even strong Hawke supporters like Kelty and Crean are ultimately responsible to their own constituencies and can go only so far in condemning union actions. For its part, the ACTU has already hedged on its “no extra claims” commitment with several provisos, including the right of unions to pursue a 38-hour workweek. [ ]

The Hawke government is especially concerned that the wage accord will face serious challenges in late 1984. Canberra is worried that union militancy will rise with economic recovery as workers feel more secure in their jobs. In addition, the introduction of medicare will shave nearly 3 percentage points off the inflation adjustment rate for the March and June quarters of 1984. Thus, the third indexation pay hike in October 1984 will be small at a time when company profit reports may be showing impressive gains. As a result, the ACTU is already pushing the government for tax cuts in the 1984 budget in exchange for its continued support of the wage accord. We believe this will put Hawke in a serious bind because he needs to reduce the government’s large budget deficit, estimated at \$7.5 billion in 1983. [ ]

US Embassy officials believe that, if the wage accord is to have any chance of success in the medium term, it will be the result of Hawke’s charismatic personality and his ability to maintain a high-profile public relations campaign in support of the government’s policies. He has already made sizable gains on this front by setting up an Advisory Committee on Prices and Incomes, which includes representatives from government, business, and unions. Furthermore, we believe Hawke, Willis, and Keating have gained

grassroots support by extending their appeal to the rank and file rather than just to union officials. This tactic has proved at least partially successful with one particularly militant union, the Food Preservers. In direct defiance of their union leaders, several hundred members in three states recently backed the government and the ACTU by agreeing not to make additional claims on employers. [ ]

Should the wage accord unravel, Hawke would face serious political problems. Even with modest union behavior and strong economic growth, the Organization for Economic Cooperation and Development (OECD) expects unemployment to remain stubbornly high for at least the next two years. We believe that high unemployment along with inflation would be a particularly nettlesome problem for Hawke, who has made joblessness his number-one policy concern. In our judgment, if Hawke is unable to make considerable progress on the country’s economic problems, he will be more vulnerable to criticisms on other domestic and foreign policy issues. According to US Embassy officials, Hawke anticipates these difficulties and may push for an early election in late 1984 to capitalize on the expected economic recovery. [ ]

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## Appendix A

### Australia: Wage Indexation and Inflation

Hawke's policy is not Australia's first experience with wage indexation. The last attempt began in 1975 under very similar economic circumstances. The Arbitration Commission imposed full wage indexation in an effort to restrain wages that had risen by 50 percent from first-quarter 1973 to first-quarter 1975. Although indexation did hold down nominal wage increases in 1975 (wages rose only 12 percent that year), Australian economists are in general agreement that indexation kept real wages higher in the late 1970s than they otherwise would have been, by preventing a decline that would have occurred as domestic economic activity slowed. [redacted]

To remedy this, the Fraser government in 1978 began holding cost-of-living adjustments below the inflation rate with a six-month lag, thus, effectively holding down real wage increases. Union opposition and militancy, wage awards by firms above the indexed amount to head off strikes, and a national telecommunications strike finally forced the policy to be abandoned in mid-1981. [redacted]

In any case, excessive wage increases have characterized the Australian labor scene over the past decade. [redacted] by acting to protect workers' interests, the Arbitration Commission enables unions to extract large wage increases from employers that can afford them when the economy is strong and gives unions wage increases to protect members from inflation when the economy weakens. We believe this practice helped sustain the wage-price spiral of the 1970s that damaged Australia's international competitiveness. Wage rates in manufacturing, for example, rose at an average annual rate of 13 percent during the 1970s—nearly 2 percentage points above the OECD average. [redacted]

The Hawke government supports full wage indexation as a way to restrain real wage increases while providing economic equity. At the same time, Australian

officials have indicated in recent talks with the International Monetary Fund that the government recognizes indexation will impose costs on the domestic economy and could lead to a repeat of the wage-price spiral of the 1970s. Government policymakers privately concede that unions probably could not obtain the wage gains provided for in the incomes accord under free collective bargaining because of the weakness in the labor market. As a result, inflation in the short term will be higher under wage indexation than it otherwise would have been. Full wage indexation, by preventing a further decline in real wages, will also weaken the expansionary fiscal policy with which Canberra is trying to bring down unemployment.

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The government recognizes—correctly, in our view—that the incomes policy alone cannot control inflation. Press reports indicate that Treasurer Paul Keating believes that monetary policy will be crucial in reducing inflation and maintaining business support for the incomes policy. In fact, Canberra takes the view that monetary policy must remain sufficiently tight to achieve the price and wage moderation necessary to restore international competitiveness and bring about a recovery in business profitability and employment.

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The government over the past several months has concentrated much of its effort on controlling the growth in the money supply. Canberra has found this a difficult task because domestic/foreign interest rate differentials are attracting huge short-term capital inflows at a time when the government needs to sell large amounts of securities to finance a record budget deficit. At a 13-percent annual rate since Hawke took office last March, money supply growth remains above the government's target level of 9 to 11 percent.

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As a result, it is not clear how successful the government will be in controlling inflation. The slowing of inflation since late 1982 to an annual rate of 7.1 percent in the third quarter of 1983 was, in large measure, the result of the nine-month wage freeze and is unlikely to continue following the 4.3-percent wage increase in October. For its part, Canberra recognizes that high inflation will make it difficult to maintain union support for the price and incomes policy, but hopes that inflation will be moderate during the economic recovery if unions hold to their promise not to press for wage claims above the indexed amount.

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## Appendix B

Australia: Profile of Union Membership <sup>a b</sup>

Union	Percent Change in Membership 1969-79 (average annual rate)	Membership (thousands)	Affiliated With ALP	Affiliated With ACTU	Political Tilt
Royal Australian Nursing	16.6	39.4		•	Apolitical
Shop, Distributive, and Allied Employees	13.8	145.0	•	•	Right
Australian Public Service Association	11.4	35.3			Center
New South Wales Nurses	10.4	40.2		•	Center
<i>Federated Storeman and Packers</i>	9.8	66.2	•	•	Center
<i>Federated Liquor and Allied Industries</i>	9.3	97.5	•	•	Center
Public Service Association of South Australia	9.0	24.1			Left
<i>Australian Building Laborers Federation</i>	6.6	24.0	•	•	Left
Administrative and Clerical Officers	6.0	48.3			Left
Australian Bank Employees	5.9	67.7			Right
Victorian Public Service Association	5.9	20.0			Left
Queensland State Service Association	5.5	18.4			Center
<i>Food Preservers</i>	5.4	11.0	•	•	Left
Australian Insurance Employees	4.9	22.2		•	Center
Public Service Employees of New South Wales	4.8	41.8		•	Center
<i>Australian Transport Officers</i>	4.8	18.4	•	•	Right
<i>Amalgamated Society of Carpenters and Joiners</i>	4.7	20.6	•	•	Right
Health and Research Employees	4.6	33.4	•	•	Center
Federated Clerks	4.2	99.8	•	•	Right
Civil Service Association of Western Australia	3.9	15.3			Left
Australian Teachers	3.6	125.4		•	Left
Commonwealth Bank Officers	3.4	28.0			Right
Association of Architects, Engineers, Surveyors, and Draftsmen	3.3	20.1		•	Right
Municipal Officers	3.2	28.0		•	Right
Association of Professional Engineers	3.1	15.1			Apolitical
Musicians	2.8	14.9	•	•	Center
South Australian Institute of Teachers	2.7	17.8			Left
<i>Transport Workers</i>	2.6	95.1	•	•	Left
<i>Federated Miscellaneous Workers</i>	2.4	92.6	•	•	Left
<i>Australasian Coal and Shale Employees</i>	2.1	13.6	•	•	Left
<i>Australasian Meat Industry Employees</i>	1.8	53.3	•	•	Left
<i>Australian Postal and Telecommunications Employees</i>	1.5	46.2	•	•	Center
<i>Vehicle Builders</i>	1.1	39.3	•	•	Right
<i>Building Workers</i>	0.8	47.4	•	•	Left
<i>Federated Engine Drivers</i>	0.8	26.9	•	•	Left
Australian Telecommunications Employees	0.8	25.7	•	•	Center
<i>Amalgamated Metal Workers and Shipwrights</i>	0.6	158.5	•	•	Left
<i>Electrical Trades</i>	0.6	66.2	•	•	Left
Federated Municipal and Shire Employees	0.5	50.3	•	•	Center
<i>Australian Railways</i>	0.5	50.2	•	•	Divided
<i>Australian Federated Union of Locomotive Enginem</i>	0.2	12.0	•	•	Left
<i>Federated Ironworkers</i>	0.0	65.7	•	•	Right
<i>Federated Rubber Workers</i>	-0.2	14.3	•	•	Right
<i>Australian Tramway and Motor Omnibus Employees</i>	-0.2	12.5	•	•	Center
<i>Printing and Kindred Industries</i>	-0.3	51.7	•	•	Left
<i>Clothing and Allied Trades</i>	-0.5	33.4	•	•	Left
<i>Australian Timber Workers</i>	-1.5	14.7	•	•	Right
<i>Australian Workers</i>	-1.6	135.3	•	•	Right
<i>Operative Painters</i>	-2.1	19.6	•	•	Left
<i>Australian Textile Workers</i>	-3.6	28.8	•	•	Divided
<i>Australasian Society of Engineers</i>	-5.5	41.9	•	•	Right
<i>Waterside Workers</i>	-6.0	10.0	•	•	Center

<sup>a</sup> Ranked according to membership growth.<sup>b</sup> Includes unions with 10,000 or more members and accounts for 80 percent of total union membership. Italics indicate blue-collar union.



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